

May 9, 2012

ITEM NO. C4

**RECOMMENDATION TO EXERCISE THE SECOND ONE YEAR OPTION OF
CONTRACT NO. 9036 WITH EMPLOYMENT AND EMPLOYER SERVICES TO
PROVIDE WORKFORCE SERVICES FOR CHA RESIDENTS**

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners ("Board") authorize the Chief Executive Officer or his designee to exercise the second one-year option of Contract No. 9036 with Employment & Employer Services ("E&ES") for the period of June 15, 2012 through June 30, 2013 and to increase the Contract's funding by an amount not-to-exceed \$825,000 to provide workforce services for CHA residents. The Contract's new aggregate not-to-exceed compensation amount will be \$3,173,431.

FUNDING SUMMARY

General Fund

Vendor: Employment & Employer Services
Address: 208 South LaSalle Street, Suite 1628
Chicago, IL 60604

Contract Type:	Professional Services	
Contract Number:	9036	
Original Contract:	\$1,129,680	June 15, 2009 through June 14, 2011
Amendment No. 1:	\$ 178,600	June 1, 2010 through September 30, 2010
Amendment No. 2:	\$ 98,151	February 1, 2011 through June 14, 2011
First Option Year:	\$ 942,000	June 15, 2011 through June 14, 2012
Second Option Year:	<u>\$ 825,000</u>	June 15, 2012 through June 30, 2013
Aggregate Total:	\$3,173,431	

M/W/DBE Participation (Original & Modification):

20% MBE ____ **%WBE** ____ **% DBE** (MBE based on non-personnel budget)

Section 3: 2 (#) Hiring ____ (\$) Subcontracting ____ (\$) Other Economic Opportunities

EXPLANATION

Resident Services is seeking to exercise the second one-year option of Contract No. 9036 (the "Contract") with E&ES to provide workforce services for a minimum of 138 CHA residents and Housing Choice Voucher participants. The Transitional Jobs ("TJ") program offered by E&ES is aligned with CHA's corporate strategies of helping families maximize their potential and, when ready, move towards economic independence and begin the transition out of public housing. The Contract with E&ES is currently the only TJ program specifically for CHA residents who have little to no work history. Other funded TJ programs in the city of Chicago have specific target populations (e.g. ex-offender, homeless). This specific type of program

needs to continue in order to address the needs of this population, while Resident Services develops business plans through Plan 2.0 to redefine future services.

Transitional Jobs Program Model

The Transitional Jobs model is designed to address the employment needs of individuals who possess little or no work history. TJ has distinct differences from other jobs programs, including focusing on supportive services and literacy, with assistance transitioning to unsubsidized employment and subsequent retention support. TJ programs are intentionally designed to provide job experience and supportive services to participants who lack the employability skills needed to successfully attach to the workforce.

Subsidized opportunities provide a mutually beneficial relationship for the worker and the employer. Workers gain on-the-job experience while continuing to receive job coaching, retention services and supportive services. These experiences help participants understand the expectations of the work environment, relationships between subordinates and supervisors and conflict resolution. The supportive services and wage subsidies have proven to be an attractive opportunity for employers who are able to hire new employees with little risk. The ultimate goal of TJ is to transition workers into unsubsidized positions with the same or different employer.

Resident Services has successfully implemented TJ programs since 2006. CHA has also participated in the success of TJ programs contracted through Opportunity Chicago, the \$27.5M collaborative employment program between CHA, the city of Chicago and the Partnership for New Communities (PNC). Opportunity Chicago, which was always intended to be time-limited, officially ended in December 2010. As part of its conclusion, Abt Associates and the Center for Urban Economic Development at the University of Illinois completed research on the TJ programs implemented by CHA and PNC. Since 2006, nearly 1,800 CHA residents with little or no work history participated in TJ programs. Participant outcomes included, but were not limited to:

- 90% engaged in Job Readiness Training (JRT) to improve soft skills and prepare themselves for work;
- 70% engaged in subsidized jobs;
- 80% were placed in subsidized jobs transitioned to unsubsidized employment;
- 91% placed in unsubsidized placements were retained for at least 30 days and 62% were retained for at least one year;
- Participants with some work experience prior to entering the program experienced a 37% increase in quarterly earnings after program completion.
- Participants' employment following program exit concentrated in four primary industries, including Health Care and Social Assistance (27%), Administrative and Support Services (15%), Retail Trade (15%), and Accommodation and Food Services (12%). These sectors rank among the Chicago region's high-demand sectors.

In 2011, CHA also piloted a literacy component into its existing TJ contracts for residents with reading levels between 6th and 8th grade, using grant funding from PNC. Each program demonstrated success, with an average increase of 3.2 grade levels in reading and 4.3 grade levels in math over a 12-week period.

E&ES Transitional Jobs Program

During the second option year, E&ES will provide a minimum of 75 hours of JRT and literacy training, focusing on specific customer service skills training. Participants will engage in 25 hours of JRT the first week of the program, and then in additional literacy and customer service training throughout the subsidized placement period. JRT and literacy training will include, but not be limited to, resume development, interviewing skills, financial literacy and conflict resolution. During the TJ program, participants will have the opportunity to meet with employers from high-demand sectors (e.g. customer service), as well as past transitional jobs participants currently working in these industries.

Following the initial first week of JRT, the program will include subsidized placements for 138 participants. Subsidized placements on average will last ten (10) weeks, although participants may stay longer based upon individual skill level and qualifications. E&ES will utilize its existing relationships with employers to place both subsidized and unsubsidized workers in positions that match their interest, existing skill level and provide the opportunity for professional and personal growth.

Building on the success of the 2011 literacy pilot, E&ES will continue to provide literacy services using literacy trainers and an interactive computer-based learning program (Aztec Learning Program). Participants receive transportation assistance during the JRT session and will receive the current hourly minimum wage rate during any subsidized placement. Participant wages and supports for participants account for approximately 49% of the budget for this program. During the second option term, E&ES will be able to provide transitional jobs services to a minimum of 138 residents who possess little or no work history.

Contract Background

E&ES was selected through a competitive procurement in 2009 to provide the TJ program and is also a contracted case management provider for CHA's FamilyWorks program. E&ES consistently exceeds its contract performance outcomes and provides a high quality of service for CHA residents. E&ES has 30 years of experience placing Chicagoland residents in jobs that match their skill set and career interests.

In May 2009, the Board authorized CHA to enter into the Contract with E&ES for a two (2) year base-term with two (2) one-year options to provide a Transitional Jobs program for CHA residents. In August 2010, the Board authorized CHA to amend the Contract to coordinate employment opportunities and place youth in subsidized employment opportunities with funding from the Chicago Department of Family and Support Services ("DFSS"). In January 2011, the Board authorized CHA to amend the Contract to provide literacy services to TJ participants with funding from the Partnership for New Communities. In May 2011, the Board authorized CHA to exercise the first one-year option with E&ES, extending the Contract through June 14, 2012.

Throughout the Contract, E&ES has been successful in providing literacy services to participants and placing residents in permanent, unsubsidized jobs. During the first ten (10) months of this option year, E&ES has provided JRT and literacy training to program participants, including 60 residents who increased their math level by at least two (2) grade levels (133% of contract goal) and 31 residents who increased their reading level by at least two (2) grade levels (69% of contract goal). To date, E&ES has also placed 53 participants in unsubsidized positions (82% of contract goal). E&ES will continue to work with engaged participants through the end of the contract term in order to exceed each of their contract goals.

In 2011, CHA also requested that E&ES facilitate Summer Food placements as part of this Contract. E&ES was responsible for the selection, placement, supervision and wage administration for residents who worked as nutrition aides during the 11 week Summer Food program¹.

Resident Services desires to exercise the second and final one-year option for the period of June 15, 2012 through June 30, 2013. As the only Transitional Jobs program exclusively for CHA residents, this extension will allow E&ES to continue providing the Transitional Jobs program for a minimum of 138 residents with little to no work history to receive JRT, literacy services, placement in subsidized and unsubsidized jobs and employment retention services. Continuing this specific type of program is necessary to address the needs of this population as Resident Services redefines future services and business plans through Plan 2.0.

Conclusion

Based upon the foregoing, it is in the best interest of CHA to authorize the Chief Executive Officer, or his designee, to exercise the second one-year option of Contract No. 9036 with Employment & Employer Services for the period of June 15, 2012 through June 30, 2013 and to increase the Contract's funding by an amount not-to-exceed \$825,000 to provide workforce services for CHA residents. The Contract's new aggregate not-to-exceed compensation amount will be \$3,173,431.

¹ In the fall of 2011 CHA released a separate RFP to secure a contractor who would operate both the Summer Food and Golden Diner programs. The selected vendor was approved by the Board of Commissioners in January 2012.

RESOLUTION NO. 2012-CHA-41

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated May 9, 2012, entitled "RECOMMENDATION TO EXERCISE THE SECOND ONE YEAR OPTION OF CONTRACT NO. 9036 WITH EMPLOYMENT AND EMPLOYER SERVICES TO PROVIDE WORKFORCE SERVICES FOR CHA RESIDENTS";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT, the Board of Commissioners authorizes the Chief Executive Officer or his designee to exercise the second one-year option of Contract No. 9036 with Employment & Employer Services for the period of June 15, 2012 through June 30, 2013 and to increase the Contract's funding by an amount not-to-exceed \$825,000 to provide workforce services for CHA residents. The Contract's new aggregate not-to-exceed compensation amount will be \$3,173,431.

